

OLYMPIA, WASHINGTON

February 26, 2004

The State Finance Committee met in a special meeting after notice duly given to the press and radio of Thurston County.

Present: Michael J. Murphy, State Treasurer
Gary Locke, Governor
Brad Owen, Lt. Governor

Also Present: Allan J. Martin, Office of the State Treasurer
Tom Morrill, Office of the Attorney General
Darlene DeRose, Montague DeRose & Associates
Nancy Adams, Office of the State Treasurer
Dean Torkelson, Seattle-Northwest Securities, Inc.
Svein Braseth, Office of the State Treasurer
Bill Tonkin, Foster Pepper & Shefelman
Vicki Cox, Office of the State Treasurer
Amy Arnis, Department of Transportation
Bill Starkey, Seattle-Northwest Securities, Inc.
Pam Johnson, Office of the State Treasurer
Kristi Wolgamot, Office of the State Treasurer
Suzanne Coit, Office of the State Treasurer
Sue Melvin, Office of the State Treasurer
Rob Shelley, Seattle-Northwest Securities, Inc.
Mike Roberts, Office of Financial Management
Nancy Notter, Office of the State Treasurer

Chairman Murphy called the meeting to order.

Governor Locke moved the minutes for the February 3, 2004 meeting be approved. Lt. Governor Owen seconded the motion. The motion passed and the minutes were adopted.

Mr. Martin said proposed Resolution No. 995 accepts the bids for the purchase of State of Washington Various Purpose General Obligation Refunding Bonds, Series R-2004C, in the aggregate principal amount of \$120,190,000, more or less, as authorized by Chapters 39.42 and 39.53 RCW and Resolution No. 875 of the Committee. He said the sale was within the state's savings target. Mr. Martin said five bids were received and accepted electronically through Parity at 8:00 a.m. Pacific Time. Merrill Lynch & Co. submitted a true interest cost (TIC) of 3.7748027%; Citigroup Global Markets, Inc. submitted a TIC of 3.7886001%; Lehman Brothers

submitted a TIC of 3.7990592%; UBS Financial Services, Inc. submitted a TIC of 3.8119591%; and Bear, Stearns & Co., Inc. submitted a TIC of 3.8505341%, with the apparent low bidder being Merrill Lynch & Co. Mr. Torkelson said there was a lot of interest in our bonds. Normally we get around 3 to 4 bids. We received 5 this time and each was a terrific bid.

Mr. Martin presented proposed Resolution 995 to the committee.

Resolution No. 995 awards the sale of \$120,190,000, more or less, State of Washington Various Purpose General Obligation Refunding Bonds, Series R-2004C, authorized by Chapters 39.42 and 39.53 RCW and Resolution No. 875 of the Committee.

Governor Locke moved to adopt Resolution 995. Lt. Governor Owen seconded the motion and the resolution was adopted.

Governor Locke asked what the interest rate was we were previously paying on these bonds. Mr. Torkelson said it was 5.5%, saving nearly 2%. Governor Locke asked what the savings was over the life of the bonds. Mr. Torkelson said the savings per year was \$1.5 million with a present net value of approximately \$22.5 million. Governor Locke suggested a press release be published and Chairman Murphy said one was being produced as the meeting was continuing. Chairman Murphy said a couple of weeks ago, the bonds that were sold were at a 4% level also, and this is very nice to see.

Mr. Martin said proposed Resolution No. 996 accepts the winning bid for the purchase of State of Washington Motor Vehicle Fuel Tax General Obligation Refunding Bonds, Series R-2004D, in the aggregate principal amount of \$158,240,000, more or less, as authorized by Chapters 39.42 and 39.53 RCW and Resolution No. 875 of the Committee. Mr. Martin said five bids were received and accepted electronically through Parity at 8:00 a.m. Pacific Time. Merrill Lynch & Co. submitted a true interest cost (TIC) of 3.7820366%; Citigroup Global Markets Inc. submitted a TIC of 3.8080234%; Lehman Brothers submitted a TIC of 3.8154734%; UBS Financial Services Inc. submitted a TIC of 3.8261874%; and Bear Stearns & Co., Inc. submitted a TIC of 3.8652586%, with the apparent low bidder being Merrill Lynch & Co.

Mr. Martin presented proposed Resolution 996 to the committee.

Resolution No. 996 awards the sale of \$158,240,000, more or less, State of Washington Motor Vehicle Fuel Tax General Obligation Refunding Bonds, Series R-2004D, authorized by Chapters 39.42 and 39.53 RCW and Resolution No. 875 of the Committee.

Governor Locke moved to adopt Resolution 996. Lt. Governor Owen seconded the motion and the resolution was adopted.

There being nothing further to come before the committee, the State Finance Committee meeting was adjourned at 10:11 a.m. and the Public Deposit Protection Commission meeting was called to order.

STATE FINANCE COMMITTEE
STATE OF WASHINGTON

Michael J. Murphy, State Treasurer & Chairman

Gary Locke, Governor & Member

Brad Owen, Lieutenant Governor & Member

Allan J. Martin
Deputy State Treasurer & Secretary